

Message Text

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INFO OCT-01 ISO-00 /011 R

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DRAFTED BY ARA/ECP:MDAVILA:RC

APPROVED BY ARA/ECP:SHROGERS

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R 152141Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY GUATEMALA

LIMITED OFFICIAL USE STATE 049462

FOLLOWING REPEAT STATE 049462 ACTION ALL DIPLOMATIC AND CONSULAR
POSTS 1 MAR

QUOTE

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INFORM CONSULS

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: GSP PRODUCT ELIGIBILITY CHANGES

REFS: (A) STATE 042804; (B) STATE 043815;
(C) STATE 045224 (NOTAL)

1. EXECUTIVE ORDER APPEARING IN FEDERAL REGISTER
FEBRUARY 27 EFFECTS CHANGES IN GSP PRODUCT ELIGIBILITY
FEBRUARY 29. CHANGES INCLUDE ITEMS AND COUNTRIES LISTED
REFTELS A AND B WHERE COUNTRIES EXCEEDED COMPETITIVE
NEED LIMITS OF THE LAW AND AUTOMATICALLY LOSE
ELIGIBILITY. FOR 1975 THESE LIMITS WERE 26.6 MILLION
DOLLARS OR 50 PERCENT OF TOTAL U.S. IMPORTS. THE NEW
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DOLLAR LIMITATION IS THE FIGURE WHICH BEARS THE SAME

RELATIONSHIP TO GNP IN 1975 AS 25 MILLION DOLLARS DID TO GNP IN 1974, AS REQUIRED BY SECTION 504(C)(1)(A) OF THE TRADE ACT. TOTAL U.S. IMPORTS OF THESE 78 ITEMS FROM THE 35 COUNTRIES LOSING ELIGIBILITY WERE 14.7 MILLION DOLLARS.

2. EXECUTIVE ORDER ALSO GRANTS GSP ELIGIBILITY TO 77 ITEMS IMPORTED FROM 24 COUNTRIES WHOSE EXPORTS OF THOSE ITEMS FELL BELOW THE COMPETITIVE NEED LIMITS IN 1975. ITEMS AND COUNTRIES SEPTEL. IMPORTS IN 1975 OF THESE ITEMS FROM THE AFFECTED COUNTRIES WERE 200 MILLION DOLLARS. WHILE THE TRADE ACT REQUIRES THAT COUNTRIES EXCEEDING COMPETITIVE NEED LIMITS IN PREVIOUS YEAR AUTOMATICALLY LOSE ELIGIBILITY WITHIN 60 DAYS OF BEGINNING OF CALENDAR YEAR, THE PRESIDENT'S AUTHORITY TO GRANT ELIGIBILITY WHEN COUNTRIES FELL BELOW THE COMPETITIVE NEED LIMITS IS DISCRETIONARY. INTERAGENCY CONSIDERATION OF THE EXERCISE OF THIS DISCRETION PREVENTED ANNOUNCING BOTH LISTS EARLIER AND SIMULTANEOUSLY AS SOME POSTS HAVE SUGGESTED. EARLIER RELEASE OF ITEMS WHICH WERE TO LOSE ELIGIBILITY IF ENTERED ON OR AFTER FEBRUARY 29 WAS DONE TO PROVIDE AS MUCH ADVANCE NOTICE AS POSSIBLE FOR INTERESTED PARTIES AFTER TRADE FIGURES FOR 1975 WERE AVAILABLE.

3. EXECUTIVE ORDER ALSO WITHDRAWS FROM THE GSP PRODUCT LIST TSUS 240.25 FINISHED PLYWOOD, REFLECTING DECISION TAKEN REFTEL C ON PETITIONS FROM INDUSTRY. ORDER ALSO WITHDRAWS FROM GSP FOUR ITEMS WHICH SPECIFY THE ADDITIONAL DUTIES ON THE ALLOY CONTENT OF BASIC IRON AND STEEL PRODUCTS. THESE ADDITIONAL DUTIES WERE INSIGNIFICANT, I.E., LESS THAN ONE HALF PERCENT AD VALOREM. THE IRON AND STEEL PRODUCTS CONTAINING ALLOYS WHICH WERE ON THE INITIAL GSP LIST REMAIN ON THE LIST AND CONTINUE TO RECEIVE DUTY FREE TREATMENT IN THEIR ENTIRETY. THE IRON AND STEEL PRODUCTS NOT ON GSP BUT FOR WHICH THE ALLOY CONTENT WAS FORMERLY DUTY FREE UNDER GSP WILL NOW BE SUBJECT TO THE ALLOY DUTY. THE WITHDRAWAL WAS NECESSITATED BY EXTREME TECHNICAL DIFFICULTIES IN ADMINISTERING THE GSP TREATMENT OF THESE ARTICLES AND WILL NOT AFFECT SUBSTANTIALLY THE GSP BENEFITS LIMITED OFFICIAL USE

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ACCORDED TO BENEFICIARY COUNTRIES. THE TSUS NUMBERS OF THESE FOUR ITEMS BEING REMOVED ARE 607.01, 607.02, 607.03, AND 607.04. INGERSOLL UNQTE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: powellba
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE049462
Document Source: CORE
Document Unique ID: 00
Drafter: MDAVILA:RC
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760358/aaaabznh.tel
Line Count: 111
Locator: TEXT ON-LINE
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 042804, 76 STATE 043815, 76 STATE 045224 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: powellba
Review Comment: n/a
Review Content Flags:
Review Date: 21 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 JUL 2004 by ElyME>; APPROVED <26 OCT 2004 by powellba>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GSP PRODUCT ELIGIBILITY CHANGES
TAGS: ETRD
To: GUATEMALA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006